

Message Text

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20

ACTION EA-14

INFO OCT-01 ISO-00 AID-20 EB-11 NSC-10 RSC-01 CIEP-02

TRSE-00 SS-15 STR-08 OMB-01 CEA-02 CIAE-00 COME-00

FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06 SIL-01

L-03 H-03 PA-03 PRS-01 USIA-15 INT-08 SCEM-02 DRC-01

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R 100500Z SEP 73

FM AMEMBASSY TAIPEI

TO SECSTATE WASHDC 9712

C O N F I D E N T I A L TAIPEI 5515

E.O. 11652: GDS

TAGS: ENRG, TW

SUBJECT: USE OF AMERICAN PERSONNEL ON OFFSHORE DRILLING RIGS

1. GULF AND AMOCO OIL COMPANIES CONTINUE TO BE HARD-PRESSED TO MEET THEIR EXPLORATION OBLIGATIONS UNDER THE TERMS OF THEIR CONCESSIONS PRIMARILY DUE TO DIFFICULTIES IN CONTRACTING FOR SUITABLE DRILLING RIGS AND MORE RECENTLY IN OBTAINING ANY DRILLING RIGS. AT PRESENT THERE ARE ONLY TWO DRILLING RIGS (WODECO IV AND GLOMAR IV) OPERATING OFF THE COAST OF TAIWAN AND BOTH ARE, AT BEST, MARGINALLY SUITABLE FOR THE AREAS IN WHICH THEY ARE DRIZZING. ALTHOUGH WODECO IS NOW DRILLING FOR CPC, THE COST TO AMOCO (ROUGHLY DOLS 25,000 PER DAY) IN THE PAST THROUGH DOWNTIME DUE TO WEATHER AND TECHNICAL PROBLEMS HAS BEEN SUBSTANTIAL. GLOMAR IV, UNDER CONTRACT TO GULF, HAS HAD MORE DOWNTIME THAN DRILLING TIME SINCE ARRIVING ON SITE AROUND AUGUST 7. A VERY SUBSTANTIAL PORTION OF THESE COSTS COULD HAVE BEEN AVOIDED HAD SUITABLE DRILLING RIGS BEEN AVAILABLE.

2. EMBASSY HAS BEEN INFORMED THAT DRILLING

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CONTRACTORS FLATLY REFUSE OR ARE EXTREMELY RELUCTANT

TO CONSIDER DRILLING OFFSHORE OF TAIWAN.
PRIMARY REASON IS THE CONCERN FOR THE SAFETY AND
EFFICIENT OPERATION OF RIGS DUE TO THEIR INABILITY TO
UTILIZE AMERICAN PERSONNEL IN DRILLING OPERATIONS.

3. COMMENT. THESE DIFFICULTIES HAVE PROMPTED OIL
COMPANIES TO ASK EMBASSY WHETHER WE SEE ANY PROSPECT OF
USG'S RELAXING RESTRICTIONS UNDER WHICH THEY HAVE HAD TO
OPERATE. THEIR INABILITY TO UTILIZE US CREWS IN DRILLING
OPERATIONS OFF TAIWAN HAS BEEN MORE OF A PROBLEM FOR THEM
THAN VESSEL REGISTRY. EMBASSY HAS GIVEN OIL COMPANIES
NO ENCOURAGEMENT BUT NEVERTHELESS WONDERS WHETHER DEPT
IS RECONSIDERING THE POSSIBILITY OF MODIFYING RESTRICTIONS
IN VIEW OF THE SQUEEZE ON ENERGY RESOURCES AND THE
POSSIBILITY OF TECHNICAL TIES BETWEEN PRC AND US OIL FIRMS.
WE ASSUME ANY RELAXATION OF RESTRICTIONS WOULD BE
UNIFORM FOR ALL COUNTRIES IN THE DISPUTED
REGION AND WOULD BE LIMITED BY SOME RULE OF THE
THUMB TO AREAS RELATIVELY CLOSE OFFSHORE.
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